Build Hydro-Electric Power

Proposal

Establish a statewide public power authority with exclusive, but limited, authorization for financing and siting hydro-electric generating facilities, subject to coordination with, but not control by, affected local jurisdictions.

Current Law

The state owns 8 hydro-electric generating facilities in the State Water Project, operated by the Department of Water Resources. These generating facilities provide electricity chiefly intended for pumping water for consumption and irrigation. The state does not have a development and operations agency to develop other hydro-electric facilities for providing electricity for general use.

Analysis

This proposal would integrate under one authority the financing, siting and operating functions for new hydro-electric generating facilities developed by the state government in California.

Establish Categorical Exemption or Negative Declaration for Power Plant Upgrades

Proposal

Categorical Exemption or Negative Declaration for all power plant, transmission, or utility corridor upgrades or re-powering projects meeting the same or higher environmental standards. A re-powering project would be defined as a project that is: a) located on an existing site, b) complies with all requirements of applicable law, c) does not require substantial new electric or natural gas transmission facilities, and would substantially reduce the average use of natural gas, water or other natural resources for the production of a kilowatt hour.

Current Law

Current law views the modernization of an existing power plant in most cases to be a siting of a new plant and, therefore, requires a project to go through a standard CEC permitting process, which includes a new EIR filing and review by various state and local agencies.

Analysis

Given the tremendous need to bring new generation on line in a timely manner, an expedited process for the modernization of existing power plants that will meet higher environmental standards while increasing energy capacity should be deemed a priority by the CEC. Furthermore, given that these projects must meet specified environmental review standards in their initial siting permit, there is no need to require the same evaluations of their current site.

Urge Governor to Approve Power Plants

Proposal

Clarify the Governor's emergency powers to review pending projects for expedited siting, to override agency decisions and approve energy facility siting applications.

Current Law

In an emergency the Governor has authority to suspend rules, regulations and statutes in order to address the emergency, to create rules and regulations necessary to carry out the purposes of the Emergency Services Act, to commandeer private property and personnel necessary to carry out his responsibilities and to expend fund for those purposes.

Analysis

This bill clarifies and affirms the Governor's authority during a declared emergency to override and approve siting applications for energy facilities.

Increase from 50 to 100 MW Generation Units Subject to CEC Control

Proposal

Allow local agencies to retain regulatory oversight over generators by statutorily changing the threshold from 50 MW to 100 MW, and eliminating any proximity criteria used to trigger a higher review standard.

Current Law

Local agencies may review and approve generation projects that are less than 50 MW. A power plant over 50 MW requires California Energy Commission (CEC) review. In some jurisdictions, local review, takes only about 3 months for small plants.

Analysis

Some local governments are more supportive of power plants than others. For supportive local agencies, the approval timeline can be cut almost in half. Current CEC policy pulls small projects into the CEC ambit, thereby increasing the time it takes to site even small plants. This proposal would expedite the approval of generation proposals up to 100 MW.

Provide & Backfill 100% of Property Tax for Local Siting

Proposal

Permit local jurisdictions that site new generation facilities to keep all property tax revenues associated with the construction of the facility. The state will backfill ERAF funds.

Current Law

Allows local governments to refuse to permit power plants in their jurisdiction and provides no incentive to build plants.

Analysis

One of the major problems in siting power generation and transmission facilities has been the “not in my backyard” or NIMBY opposition of local constituencies and/or governments. This proposal provides incentives to local governments to site power plants by permitting local jurisdictions to keep 100% of the property tax revenues associated with the construction of a new generation facility.

Begin Construction While Obtaining Air Credits

Proposal

Allow energy facilities to be built if a plan to obtain (1) needed air emission reduction credits or (2) a bond/letter of credit sufficient to purchase the credits is provided is presented prior to initiating the CEC process. If the generator is unable to secure the necessary air credits, the generator would be able to make an in lieu payment proportional to the amount of credits not obtained.

Current Law

Air emission reduction credits must be obtained during the permitting process and prior to the start of construction of a project. In most instances the CEC requires that these credits be obtained prior to initiating the CEC permitting process. These credits are obtained through the reduction of air emissions from other stationery sources, i.e., the replacement of older power plants with newer, more efficient, cleaner burning plants.

While there is no specific prohibition in the law for allowing generators to pay fees in lieu of air credits, most air districts do not allow for this. Given the current need for new generation, many air districts are re-evaluating their current prohibitions regarding the use of fees in lieu of credits. To date, however, most have not taken action to date to change this current practice.

Analysis

In many regions, credits are scarce if available at all. Further, when offsets do become available, they are often not available in sufficient quantities needed for the construction of new generation. As a result, power generators are forced to spend significant amounts of time "banking credits" until they have secured enough to initiate a project. In order to speed up the timeframe in which credits could be secured, these credits could be purchased during the CEC process, so long as the generators have a plan in place for securing the credits at the time they submit their application for a project to the CEC.

Siting of Power Plants on Active & Closed Military Bases

Proposal

Site power plants on active and closed military bases.

Current Law

Not applicable

Analysis

While many plant siting reform proposals provide fiscal incentives for local communities to site plants, these proposals do not address the underlying problem of the Not In My Back Yard (NIMBY) syndrome. The reaction to the Calpine power plant proposal in the San Jose area shows that despite the energy crisis, local communities – especially urban areas – are not willing to accept new power plants.

The majority of military bases in California (both active and closed) have the benefit of being located in relatively rural areas and/or being of a size that provides a substantial "buffer zone" between military activity and surrounding communities.

This proposal provides regulatory relief by requiring that plants sited on military bases comply with the National Environmental Protection Act (NEPA) rather than State regulations. Not only does this streamline the process, but it also addresses the NIMBY syndrome. Additionally, provisions must be included to ensure that plants sited on military bases are consistent with the overall mission of the base while not interfering with military activities.

This proposal provides the State with the ability to address the NIMBY issue and increase the viability of California's active military bases in future base closure rounds.

Existing Example

High Desert Power Project – 700-Megawatt Facility located on Former George AFB, Victorville.

Eliminate Standby Charges for Distributed Generation

Proposal

Eliminate utility "stand-by" charges for use of distributed generators to increase supply and enhance reliability.

Current Law

Electricity rate structures approved by the PUC allow investor-owned utilities to levy a "stand-by" charge upon customers who use small generating capabilities of their own ["distributed generation"] but also have access to power from the grid.

Analysis

Distributed generation (DG) is provided by micro-turbines, fuel cells, and other small generation units. They may power a single business or several businesses located near one another (ex: an office park). DG increases overall electricity supply and enhances overall reliability. The 'stand-by' fees charged to those who do not always get their power from the utility company already are embedded in the overall rate structure. Thus, they are a double charge that penalizes and discourages "distributed generation."

Encourage Natural Gas Exploration Through Tax Credits

Background

California produces only 10-15% of the natural gas it consumes. The State can produce appreciably more natural gas with the right combination of regulatory relief and financial incentives. To increase natural gas exploration in California new pipelines infrastructure must be installed and new incentives for exploration must be created.

Analysis

This proposal would grant a tax credit up to 50% of the cost of pipeline infrastructure equipment put in place by natural gas exploration firms. This credit would be applicable to defined equipment related to interconnection with and transmission to main pipelines in the state. This credit would stimulate exploration needed to boost in-state natural gas production.

Review Existing Hydro-electric Facilities

Proposal

Direct the Governor to review all publicly-owned or permitted hydro-electric facilities to determine if any can be feasibly augmented with additional generating capacity.

Current Law

The California State Water Project is a water storage and delivery system of reservoirs, aqueducts, power plants and pumping plants. While its primary function is to store water and distribute it to 29 urban and agricultural water suppliers, the Project does include eight hydroelectric power plants.

Analysis

This review will provide the Governor and legislature with the information necessary to determine whether it would be feasible to augment any of these facilities with additional generating capacity. Expanding the use and capacity of our existing hydroelectric facilities could provide significant increases in power supply without costly new construction or time delays.

Coordinate Power Plant Maintenance Shutdowns

Proposal

Direct the Governor to develop a plan to coordinate power plant maintenance shutdowns, requiring advance notice of planned outages and immediate notice of unscheduled and emergency shutdowns.

Current Law

Power generators are required to report scheduled or unscheduled plant closures to the ISO. The ISO does not coordinate the shutdowns.

Background

The vast majority of power plants in California are more than 30 years old. All plants require scheduled maintenance and most, if not all, experience periodic emergency shutdowns. Recently, temporary power outages were created when several plants were simultaneously down for scheduled maintenance or emergency maintenance.

Analysis

Given the advanced age of California power plants and the shortage of power generation, the state's supply of power can fall dangerously low if multiple power plants go down at the same time. Instead of merely collecting data on the shutdowns, the state can assume a more pro-active role and help coordinate planned shutdowns when appropriate.

Review Pending Projects

Proposal

Resolution urging Governor to exercise his emergency powers to review pending projects for expedited siting.

Current Law

In an emergency, the Governor the has authority to suspend rules, regulations and statutes which impair the ability to resolve the situation, to create rules and regulations necessary to carry out the purposes of the Emergency Services Act, to commandeer private property and personnel necessary to carry out his responsibilities and to expend fund for those purposes.

Analysis

Despite having plenary authority to address the energy crisis, the Governor has not acted. This resolution urges him to use the authority he has to address the emergency he has declared.

Solar Tax Credits

Proposal

Solar Energy Tax Credits. SB 17X will provide a 75% tax credit to individuals and corporations that purchase and install solar energy systems.

Current Law

There is no tax credit for individuals or corporations that purchase solar generators. Between January 1990 and January 1994, there was a 10% tax credit for the purchase and installation of solar energy systems. The tax credit expired and has never been revived.

Analysis

Last year Sen. Bob Smith (R-New Hampshire) introduced S. 2718 ("Energy Efficient Buildings Incentives Act") which, among other tax proposals for attaining energy efficiency, provides a tax incentive for the installation of solar energy systems.

On-site solar generators reduce demand on a per kilowatt basis in direct relation to the amount of energy they create. For instance, a typical system creates 35 - 50 kw hours per month – up to 10% of an average family's monthly use. Thus, where such systems are used, they can provide a 10% reduction in the amount of electricity that the family would draw from the grid. By extrapolating broad market penetration rates--especially those areas of the state with proven solar resources--this proposal would create significant reductions in the demand for system electricity, particularly during times of peak use.

Consumer Credit for Utilizing 90% of Previous Year's Electricity

Proposal

Provide tax credits and/or rate reduction rebates to consumers who actually reduce their aggregate power usage by more than 10 percent over a specified period (month-over-month, year-over-year.)

Analysis

Concerted efforts by residential and consumer users to reduce the amount of energy they consume is an indispensable part of a dedicated conservation program. This proposal will provide the maximum flexibility for all consumers and energy providers to devise programs to achieve this goal.

Load-Dropping: Pay to Get Off Grid

Proposal

Provide incentives to residential and commercial consumers of energy to reduce energy consumption, particularly during peak times.

Analysis

This proposal can achieve two important goals. First, reduce aggregate demand for electricity in general, and second, reduce peak consumption in particular (energy that both costs the most and is most scarce.)

Incentives will be directed at both residential and commercial consumers of energy. They will include tax credits for the installation of state-of-the-art energy monitoring and control equipment, expansion of consumer use-reduction initiatives such as the successful Sacramento Municipal Utility District "PEAK Corps" program, as well as establishing time-of-use incentives to direct energy consumption to the least costly and critical periods of aggregate load.